

Message from the President

Dear LFA Members and Friends,

We come back to you in this second edition from a fruitful meeting with the World Franchise Confederation (WFC) in Manila, where it was proven yet again how franchising is a strong business model that survived the global economic downturn. We found that the majority of franchise systems around the world continued to grow despite the economic turmoil of the past few years. Franchise networks proved to be better equipped to face tough economic climates than standard businesses, as they have a supportive and reliable network on which to fall back. Franchising has a multiplier effect in terms of enterprise creation and job generation.

WFC and the Asia-Pacific Franchise Confederation (APFC) concluded the Manila 2011 meetings with a joint communiqué, stating that "with more than 30,000 franchise systems generating at least 2 million business enterprises worldwide, franchising is a proven business strategy that can have immense positive impact on the global economy."

We therefore are confident that this same reality will help our local franchise network overcome the difficult situation the region is undergoing. We have faith that the numerous success stories, the built added value, and the entrepreneurship of Lebanese franchise systems have the determination and expertise to overcome the challenges posed by the regional turbulences and economic uncertainties.

It is with this belief in the central role franchising plays in safeguarding a local economy in times of hardships that LFA strives to continue to create an environment that promotes the development of the franchising sector, in turn sustaining economic growth. With your help and support, we hope to make Lebanon a franchising hub for the region and – as always – a trend setter and pioneer in this field.

Charles Anbuhl

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LFA strategic partners



h i g h l i g h t s

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Minister Nicolas Nahas with (from left to right): LFA treasurer Georges Najjar, President Charles Arbid, Vice-President Madiha Raslan, Secretary General Rashwan Miknas and Advisor to the Board Nabil Ladki.

LFA lunch in honor of Minister Nicolas Nahas

The Lebanese Franchise Association hosted a Lunch in honor of His Excellency Minister of Economy and Trade Mr. Nicolas Nahas at La Posta – Ashrafieh. The lunch was attended by chairmen of Lebanese economic instances, members of diplomatic missions, and members of the press.

The event was an opportunity to highlight issues in relation to the franchise activity in Lebanon, in particular those relating to intellectual property, which Minister Nahas considered a basic asset and an incentive for economic growth. Mr. Nahas stressed the importance of franchising as a drive for growth saying that “without talent and innovations we can’t be distinguished”, and he vowed to deploy all the efforts through his position as Minister to protect “our human resources and our source of energy.” He also urged to move on with intellectual property laws in the Lebanese Parliament.

In his address, LFA President Charles Arbid said: “The Lebanese Franchise Association represents a coherent and well balanced economic entity of diversified economic sectors.” It symbolizes basic values, chief among them are entrepreneurship, determination, and innovation. Arbid labeled franchising a very “intelligent” sector based on modern economic concepts. “It is a promising sector for the present and future of Lebanon too,” he added.

Minister Sabonjian promotes LFA Lebanese Brands during his visit to Armenia

In a supportive action aiming at promoting Lebanese expertise and brands in export markets, HE Mr. Freij Sabonjian, Minister of Industry, highlighted the importance of the Franchise sector in Lebanon during his visit to Armenia last September. During his visit, Mr. Sabonjian met with HE Mr. Dekran Davatian, Armenian Minister of Economy and Industry, and presented him with a list of Lebanese Franchise concepts, members of LFA, interested to expand into the Armenian market. The Lebanese Franchise Association expresses its appreciation for Minister Sabonjian’s efforts to promote Lebanese know-how and success stories abroad, and looks forward to a continuous fruitful cooperation with the Ministry of Industry.



Graduation of the First Class of CFEP

Congratulations to the graduates of the first Class of the “Certified Franchise Executives Program (CFEP)”, who have successfully completed this first academic program on franchising in the region. The graduation ceremony took place on December 5th at the Ecole Supérieure Supérieure des Affaires (ESA) – Beirut, in the presence of Mrs. Chantal Zimmer, General Delegate of the French Franchise Federation (FFF), ESA Director General, Mr. Stéphane Attali and LFA President, Mr. Charles Arbid. Recognizing the importance of Franchising as a proven strong economic model, LFA has, since its early days, set among its top priorities to establish an academic program aiming at improving the professionalism of the franchising industry in Lebanon. LFA ambition is to make of Lebanon the franchising hub for the region.



BIFEX 2012 will host renowned international speakers and gathers franchisors and franchisees aiming to further expand their businesses in the region. For more info & registration: BIFEX@lfailebanon.com.

LFA holds its General Assembly On 16 November

LFA held its annual General Assembly meeting on 16 November 2011 at the Chamber of Commerce, Industry and Agriculture in Beirut (CCIAB). The assembly was an occasion to meet with LFA members and discuss the Association’s latest achievements during 2011.

LFA president Mr. Charles Arbid welcomed the participants to this annual gathering, and thanked them for their support and interest in LFA’s mission and role in promoting excellence in the franchise sector in Lebanon and abroad. President Arbid discussed with the participants the latest economic topics and updated them about the move of economic parties towards wage adjustment, in which LFA takes a major part.

LFA Secretary General Mr. Rashwan Miknas presented the administrative report highlighting LFA’s major achievements during 2011. The year saw, for instance, a reinforcing of relations between LFA and economic instances, official bodies and media institutions, the launching of several LFA initiatives, such as BIFEX and Certified Franchise Executive Program, the first academic franchise program in collaboration with ESA & FFF, as well as the enhancing of LFA’s international role through active participation in the World Franchise Council meetings and other international events. The Association also promoted LFA membership and relations with the members and enhanced management through recruiting new team members and expansion.

LFA Vice President Mrs. Madiha Raslan announced that BIFEX 2012 will be held at the Phoenicia Hotel, Beirut on 23 and 24 May under the theme of “Retail Industry”, BIFEX 2012 will be a platform to discuss latest trends in the franchise sector and the retail industry through

hosting regional and international speakers and organizing B-to-B meetings.

The Assembly also received a brief from LFA Treasurer Mr. George Najjar detailing LFA’s financial report for the previous year. Mr. Najjar stressed the importance of financial support for any entity to grow, urging the concerned parties to support LFA to be able to grow and achieve its objectives.

As LFA has just entered the social media sphere, Mr. Ayman Itani, from Think Media Labs, presented LFA’s digital and social media plan, which will allow interactivity between LFA members and followers.



Treasurer Najjar, Vice-President Raslan, President Arbid, Secretary General Miknas and General Manager Farah Chaaban



LFA members at the General Assembly

LFA lends its support to the latest economic move

After long dialogue and discussion between labor forces, economic instances, and the government, the latter issued a resolution on 12 October 2011 dealing with “wage adjustments”.

The resolution, described as “the resolution that satisfied nobody”, faced widespread criticism started by the labor movements themselves since it excluded a main segment of the workforce, namely those with salaries exceeding 1,800,000 L.L. At the same time, local economic instances found the resolution unfair and not based on scientific

criteria and therefore not applicable. Meanwhile, the government issued a truncated resolution that was later rejected by the State Council.

As an active member of the Lebanese economic instances, the Lebanese Franchise Association joined the movement, adopting and supporting their point of view, and took part of the meeting entitled “Save the Economy” that was held on 20 October 2011 at BIEL.

LFA is of the opinion that the worst solutions are those taken under duress

without consideration for the situations of economic institutions, especially the small and medium sized enterprises, during a period characterized by market downturns and a drop in all economic indicators. LFA called on the government to take immediate action to support and motivate the productive sectors and implement social benefits to reduce the cost of living.

The Association reasserts its stand in favor of a continuous, profound and constructive dialogue between the concerned parties. It also believes that

the issue should be dealt with as a comprehensive package, highlighting the need of a “New Social Contract” that includes the creation of a modern Labor Law that fits the global economic changes, the reformation of the social security system, and the approval of the retirement and social security law. In addition, the law on competition should be adopted and laws already approved should have application mechanisms to stimulate growth in different productive sectors.

LFA takes part in the WFC meeting in Manila, Philippines

Delegates from 43 countries gathered at the World Franchise Council (WFC) meeting in Manila, Philippines, between 20 and 23 September 2011 to discuss the latest issues related to franchising worldwide.

Represented by Ms. Farah Chaaban, General Manager of LFA, Lebanon took an active part in these meetings. The meetings tackled major developments of the global franchise sector as well as national issues related to member countries and topics pertaining to the internal activity of the WFC. The latest country reports were shared among participants and a round table highlighted key issues that have affected franchising in each member country. A workshop on building and retaining membership was an occasion to exchange and benefit from the experiences

of each Member Association. WFC also discussed strategies and initiatives to better serve their own members and business communities. Members also approved a resolution on the independent nature of the relation between the franchisor and the franchisee, presented and discussed at the Berlin Meeting in April 2011:

www.lfalebanon.com/international/franchisor-franchisee-relation

At the end of the WFC meetings, participants unanimously approved and released a joint communiqué stating the economic and social importance of franchising as a powerful global tool "that will continue to fuel the economic activity of developed and newly-industrialized countries," as expressed by WFC Chairman Samie Lim:

www.lfalebanon.com/international/joint-communique-Manila2011



Roundtable at the WFC meeting in Manila

In addition to hosting the WFC meeting, the Philippines Franchise Association (PFA) hosted the Asia Pacific Franchise Confederation (APFC) meeting, organized an International Franchise Conference featuring the latest trends and developments in franchising and an International Franchise Expo. These concurrent events, held under the umbrella "Franchise Asia 2011," were an opportunity to exchange and

enhance international cooperation among global franchise players.

Delegates to the WFC brought back amazing memories from their trip to the Philippines and discovered the value of tourism in that country and the genuine hospitality of its people, especially after they were invited by the PFA to a weekend on the beautiful island of Boracay, after a week of hard work.

Newsflash

The Lebanese Franchise Association (LFA), along with four LFA members - Al Rifai, Café Najjar, Mayrig and Semsom – was present at the event "Le Liban en France" which took place between 28 and 30 October 2011 at Le Palais des Congrès in Paris, France. Organized by the French Embassy in Lebanon and the Union of Chambers of Commerce, Industry and Agriculture, the exhibition was a platform to promote Lebanese brands, concepts and way of life. It aimed to strengthen economic and cultural links between Lebanon and France.

Congratulations!

During the Gala Dinner of the Social Economic Awards (SEA) 2011 event organized by First Protocol, and which took place on December 3rd at Le Casino du Liban in the presence of a number of Ministers, MPs and former ministers in addition to prominent business leaders, 4 out of the 12 awards offered to companies and banks that left their mark in the Lebanese market and the country in general, were offered to LFA members:

- Burger King: Branding category
- Al Rifai: National image category
- Mayrig Tradition and employment opportunities category
- Wooden Bakery: Rapid expansion category

CREPAWAY'S SWEET ROAD TO SUCCESS



Charles Thoumy

It was their mother's delicious homemade crepe that inspired Claude & Charles Thoumy to open the kiosk offering only crepes in Kaslik in 1984. Charles Thoumy describes the journey to the 16 full service restaurants the chain owns today in Lebanon and gives us some of his secret ingredients to success.

Thoumy's succulent recipes quickly allowed him to move into a larger space only one year after he started his business. What led to that first success was, in Thoumy's words, "a very good location, family support, accessibility and customer loyalty." The new location offered a wider menu, adding salads and burgers to the selection of basic crepes.

Five years later, the brand was strong enough to warrant another surge of growth and expansion. A new head office, central kitchen & warehouse were built on new premises 200 meters away from the first Crepaway in Maamelteine.

The second branch opened in Ashrafieh in 1995, exactly ten years later. A third branch opened in Broummana in 1996, and this led the way to a string of new locations to cover many major regions in Lebanon: Jal el

Dib, Kaslik, Furn el Shebbak, Down Town Beirut, Batroun, Zalka, Hamra, Sin el Fil, Sodoco, Jbeil, Saida, Mzar and other branches inside malls, hotels and resorts.

Another pivotal date came in 2002, with the opening of Crepaway's first franchise in Egypt. That experience also turned into a success, with several other franchise stores following on that first experience: A second in KSA in 2003, a third in Doha, Qatar in 2004, and a fourth in Amman, Jordan just a few months ago. Like a proud father, Thoumy says: "We created a brand to live. Our long term strategy is to expand and develop. The product you create is like a baby and it's very touching to see it grow, move, progress and expand internationally."

Still, the road to success is littered with a lot of challenges. "We suffered to keep the same high standards, the best quality, the team and the spirit of Crepaway (good service and pleasant settings) during the latest unstable periods in Lebanon and the region. Like all entrepreneurs, we only seek security and peace, which are vital for any business, but as Lebanese we are brave enough to take any opportunity even if it is challenging because we have a great faith in our country and our brands."

As proof of that faith, in 2005 the company launched Crepaway Foundation, which is committed to supporting the improvement of the quality of life in its communities and developing worthwhile projects and organizations in the fields of human service.

So what are Thoumy's secret ingredients to success?

Here are some tips of rules he personally applies in his work and private life. "Stay in direct contact with your operational team, coming closer and communicating as much as you can with the employees. Be honest and well organized. Wake up early and don't forget to exercise at least one hour a day," he says. Beyond this quick success were centralization, personal involvement in the business, good relations with friends and customers, the creation of a new concept & spirit (good food & good mood), which applies to music, decoration and staff adaptation with the whole experience.

Thoumy also stresses the importance of belonging to a business entity. "As one of the first members and a board member of the Lebanese Franchise Association, I had the opportunity to exchange experiences with more than 200 members, all pioneers in their sectors, and to have a presence at the economic level."

The most important fundamental rule to keep in mind, he says "is keeping the loyalty of your employees, some of whom go back 20 years with the company, as well as the loyalty of the customers, who grew with Crepaway and contributed to changing the idea of the brand into a full service diner." These customers now visit Crepaway with their children to enjoy the moment and share the memories of coming to Crepaway when they themselves were teenagers.

LFA MEMBER NEWS

The members of the Lebanese Franchise Association have been busy over the past several months – strengthening their brands, opening new outlets, innovating new market models, and building networks. Several local brands are becoming solid regional players and some have even had a very successful start in the highly competitive western markets.



La Maison du Café – Café Najjar will soon be opening two new branches in Raoucheh and Le Mall Dbayeh. All the brand's outlets will also soon have a new menu.



Owner and manager of several successful international food & beverage concepts including Casper & Gambini's, Ant Ventures has recently announced a joint venture agreement with Saudi-based Zahid Group. The new joint venture aims to reestablish Casper & Gambini's in the market following a recently ended decade – long franchise agreement with the Attieh Group.



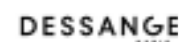
Chemdry, the largest carpet & upholstery cleaning company around the world, announces the launching of a new department for cleaning services, in residential or commercial entities, for a one-off job or on the basis of monthly or yearly contracts.



Colombiano Coffee House was hosted by the Ukrainian Franchise Conference that was held in Kiev on 1 and 2 December 2011. The company's Marketing Director, Patrick Lahoud, was a keynote speaker of a session on "Choosing the Right Franchise". After a presence in Great Britain and Belgium, the brand will be entering the Ukrainian market in the upcoming year.



A premium sponsor to this year's INFDEX 2011 held at the Doha Exhibition Center in Qatar, Colortek's booth named "Beautiful by Design" received tremendous response from local and international visitors. The brand's presence at the fair opened opportunities to explore growth for the decorative paint finishes for walls and floors through interactions and discussions with event participants.



LFA member Dessange has come up with a new line of PHYTODESS products: beauty treatments for the scalp and hair that combine natural ingredients, luxury and hairstyling expertise to reveal and enhance the beauty of hair.



The first Beirut Cooking Festival, an event by LFA member - Hospitality Services - aimed at both homemakers and food lovers took place from 17 to 19 November 2011. Food and Beverage professionals were able to showcase their products, check out the latest creations on the market, and mingle with the industry's key players. As for homemakers and food lovers, the festival was the opportunity to sample the latest products available on the market and update their shopping lists.



The concept that ignited the sushi craze in the region with its perpetual innovations and unique creations, Le Sushi Bar is signing its first franchise in one of the tallest buildings in the world, Al Hamra Tower in Kuwait City. The restaurant is expected to open by the beginning of 2012.



Mrs. Christine Sfeir, LFA Board member (CEO Dunkin' Donuts Lebanon and Semsom Restaurant) was voted the Businesswoman of the year for the Middle East. This was part of the Arabian Business Achievements Awards, held at the Armani Hotel in Burj Khalifa in Dubai, on the 20th of November, 2011. Mrs. Sfeir represented the ONLY Lebanese company honored at these prestigious regional awards. Congratulations!



LFA Board Member Mrs. Aline Kamakian, owner of Mayrig restaurant, published a new cookbook entitled "Armenian Cuisine," which she wrote with Mrs. Barbara Drieskens.

The book offers a complete but simple introduction to the rich Armenian cuisine, illustrated by mouth-watering photos of prepared dishes.

FRANCHISING VS. LICENSING

Written by: Dr. Salim Hajje, Business Unlimited

«Franchising» and «Licensing».

As similar as these two may sound, there's quite a lot of differences between the two.

While franchising is a recognized legal terminology, in the sense that it subjects the party offering these services to certain rules and regulations, licensing does not come with these issues, but it is necessary to be careful as licensing can also be considered a franchise from a legal standpoint.

In franchising, the franchisee and the franchisor are very closely linked and have better working relationships. The franchisee gets to retain the rights to the franchisor's logo and trademark. This also goes a long way in providing a visible presentation of the relationship between the two. Franchisees are often an extension of the parent company, in that they represent the parent company's brand and image. Therefore, they are usually provided some level of training and support. Also, they get to leverage some amount of territorial exclusivity in addition to control over the products and services offered.

The relationship between a licensee and the parent company is not as tight-knit as a Licensee franchisor relationship. That is because a licensee does not hold the rights to the trademark and logo of the parent company's brand. Also, the franchisee is expected to create its own niche and identity in the market. Another key difference is in the fact that licensees do not get to have territorial rights from the parent company. Which means that licensing organization gets to sell similar licenses and products in the same geographical area. Licensees also do not receive the same extent of support and training as compared to a franchisee.

Even though from the looks of it, a licensing opportunity seems to be less advantageous as compared to a franchising business, licensing has its advantages as well. One advantage is that licensing costs much lesser in terms of the initial investment and ongoing charges. While a franchising business may require you to pay royalty every time a profit is made, a licensing opportunity does not demand such an expense. Also, once the licensee is able to successfully set up its business and spin off on its own, the relationship between licensee and the parent company is restricted to the frequent purchase of products.



Dr. Salim Hajje, regional director of Business Unlimited and member of LFA College of experts, successfully organized a training workshop on "Franchisor Success Strategy" in collaboration with IRI and ELCIM. The event took place on 8 & 9 December in Riviera hotel Beirut and was attended by more than 20 companies interested in franchising. Participants were introduced to franchising and learnt key approaches to successful franchising, including strategic planning, operations manuals, branding, marketing, training and development.



LFA Booklet edition 3

Our third edition of the LFA Booklet is fresh off the press! Read all about the success stories of LFA members.

The Lebanese Franchise Association was established by the Official Notification Number 126/a.d. dated April 13, 2006 issued by the Minister of Interior and Municipalities.

Mission Statement

LFA is a non-profit organization that develops and promotes excellence in the franchising sector in Lebanon. LFA coordinates the activity of its members in a concerted effort to promote and exemplify excellence in franchising.

Objectives

- To reinforce LFA leading economic role as the exclusive community of franchisors and franchisees in Lebanon
- To promote Lebanon abroad through Franchising
- To anchor LFA standing as the largest franchising network in the Middle East
- To actively promote entrepreneurship and support SMEs' growth in Lebanon
- To ensure the proper transfer of know-how in all matter pertaining to franchising
- To advocate for the protection of Intellectual Property in the franchising sector
- To become a role model in Business Ethics in the franchising sector in the region
- To become an exclusive general resource center for franchisors and franchisees in Lebanon
- To act as a national, regional and international platform for LFA members

Membership (3 types)

1. Full members:
 - a. Lebanese Franchisors with a fully comprehensive and defined concept; Must accept the Regulations set by the Statute and By-laws of LFA; Must adhere to the Code of Ethics adopted by LFA.
 - b. Lebanese Franchisees who are signatories to franchise agreements with foreign concepts.
2. Associate members: LFA can admit companies who, whilst they do not meet conditions of full membership, commit and work towards meeting full membership requirements within a maximum period of 2 years after admission.
3. Experts: LFA welcomes the participation of Lebanese experts who have experience in the franchising industry, mainly in the fields of franchise program development and legal services.

Applicants to any category of membership are expected to fill the relevant application form and sign the Code of Ethics and return it to the Admission Committee which in turn will pass it to the Board of Directors for final decision.

Membership benefits:

- Training programs, seminars and expos organized by LFA or LFA partners
- Networking facility through B to B meetings, conferences and specialized organized visits
- Access to LFA Member Directory and listing of profile in the yearly LFA Booklet
- Listing of profile on LFA website and visibility of brand through website links
- Access to potential franchisors or franchisees contacting the LFA
- Access to exclusive LFA database and research resources
- Timely notification of upcoming local and worldwide franchising conferences and events
- Reduced participation fee in LFA conferences, workshops and intellectual property registration

Activities

- Launching the first program on Franchising in the MENA Region: Certified Franchise Executives Program – Ecole Supérieure des Affaires, in partnership with the French Franchise Federation
- Participating in local and international exhibitions
- Organizing seminars / workshops with partners
- Organizing the periodical gathering Happy Hour
- Reinforcing of the LFA resource center
- Establishing local working relations with institutional stakeholders
- Reinforcing the regional and international networks through the Mediterranean Franchise Federation (MFF), the Franchise Association for the Middle East (FAME), the French Franchise Federation (FFF) and the World Franchise Council (WFC).

Lebanese Franchise Association

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